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ABSTRACT

This case study, part of the State Structures for the Governance of Higher Education study, focuses on governance and related issues in Florida's higher education system. The study's overall purpose was to examine differences among states in their governance structures, and to determine if differences in performance were related to governing structures and whether structure affects strategies of state policymakers. The study is based on analysis of documents and on interviews conducted in 1995 with state officials, education administrators, faculty, and staff. Individual sections of the report present information on: (1) state demographics and the political context; (2) the characteristics of the higher education system; (3) issues for higher education (access, productivity, accountability, deregulation, and economic development); (4) the state university system (history, role of the Board of Regents and Chancellor, and enrollment/tuition); (5) community colleges background, enrollment and tuition; (6) the role of the Postsecondary Education Planning Commission; (7) Florida's private colleges and universities; (8) student financial aid trends in aid, family income, and family savings; (9) the budget process for both the state university and community college systems; (10) system articulation and information; and (11) assessment of the system's structure. A list of advisory committee members is appended. (Contains 34 references.) (DB)

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STATE STRUCTURES FOR THE GOVERNANCE OF HIGHER EDUCATION

Georgia Case Study Summary

A Report from

THE CALIFORNIA HIGHER EDUCATION POLICY CENTER

Spring 1997

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State Structures for the Governance of Higher Education

Florida Case Study Summary

By Joni E. Finney

Spring 1997

A Technical Paper Prepared for
State Structures for the Governance of Higher Education
and
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Table of Contents

Preface iv

State Context 1
- Political Context 5

Higher Education System Characteristics 8

Issues for Higher Education 11
- Maintaining and Expanding Access 11
- Increasing Productivity in Higher Education 13
- Accountability and Performance-Based Budgeting 13
- Deregulation in Higher Education 14
- Economic Development 15

The State University System 17
- History of the State University System (SUS) 17
- The Role of the Current Board of Regents and the Chancellor 19
- Enrollment and Tuition in the State University System 20

Florida's Community Colleges 19
- Background 19
- Enrollment and Tuition at the Community Colleges 20

Postsecondary Education Planning Commission 24

Florida's Private Colleges and Universities 26

Financial Aid in Florida 28
Office of Student Financial Assistance 28
Trends in Student Aid 29
Trends in Family Income 30
Trends in Family Savings 31

The Budget Process 32
The State University System 32
The Community College System 34

System Articulation and Information 36

Assessing Structure 38
The State University System 38
The Community Colleges 39
The Statewide Perspective on Higher Education 40

Appendix: National Advisory Committee Members 41
Notes 42
About The California Higher Education Policy Center 44

Preface

State Structures for the Governance of Higher Education is a national research project concerning state governing structures for higher education. This project was conducted by The California Higher Education Policy Center with support from The Pew Charitable Trusts and The James Irvine Foundation. The purpose of the research is to better understand how states differ in the design of their governance structures, what difference in performance can be related to choice of governing structures, and how structure affects the strategies available to state policy makers with regard to the state's higher education system.

The products of the study include nine different publications: seven case studies, a comparative report, and an annotated bibliography. The *case studies* provide separate summaries of higher education governance for the seven states in this project: California, Florida, Georgia, Illinois, Michigan, New York, and Texas. The state systems of higher education examined in these studies include public and private postsecondary institutions as well as the arrangements for regulating, coordinating and funding them. Case study research was conducted between September 1994 and September 1996. For each state, researchers collected documents, examined archival data, and conducted interviews to obtain multiple sources of information about context, system design, governance structures, and performance. Over 200 interviews were conducted with state legislators, legislative staff, representatives from the Governor's office, representatives from state budget and research agencies, state higher education agency officials, system and institutional presidents, chancellors and board members, and faculty. Documents reviewed include state budgets, master plans, statistical reports, board agendas, system histories, and newspaper accounts. All case study reports were reviewed for accuracy by knowledgeable individuals within the state.

Following the completion of the case study reports, a *comparative study* was developed to provide an interpretive synthesis of the data in the case studies. An *annotated bibliography* has been compiled to highlight relevant literature on governance in higher education, government, business, and K–12 education. The bibliography also includes several theoretical pieces that helped to frame the conceptual design of the research.

Throughout the project, the research team was guided by the advice of a National Advisory Committee comprised of 18 experts in higher education governance issues. We would like to thank each of the committee members for their assistance in this project (their names are listed in the Appendix to this case study). In addition, we wish to thank the following individuals for

their assistance in reviewing drafts of the case studies: Kenneth Ashworth, William Barba, Joseph Burke, Raymond Cardozier, Patrick Dallet, Cameron Fincher, Edward Hines, David Leslie, Marvin Peterson, William Pickens, Stephen Portch, Jack Smart, and Richard Wagner.

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This case study synthesizes interview results with other sources to paint a clear picture of governance and related issues facing Florida's higher education system. It is based on documents gathered from public offices, higher education institutions, and relevant publications. Interviews with state officials, education administrators, faculty, and staff took place in June and November 1995.

State Context

With nearly 14 million people, Florida is the fourth most populous state in the nation. Its population is more homogeneous than the other study states, but is growing in diversity, with nearly 12 percent identified as Hispanic and 14 percent as African-American.[1] Florida has grown faster than the rest of the nation in each decade since it became a territory in 1821. Between 1980 and 1990, the population increased by 33 percent, moving it from the seventh to the fourth largest state. Much of this growth was the result of the immigration of retirees, foreign immigrants from Latin and South America and young adults attracted by jobs generated by the state's robust economy.[2] Florida's population is expected to continue growing during the 1990s, albeit at a slower rate (growth is projected at 19 percent for the decade).[3]

Florida is also distinct in its large temporary population, which is comprised of tourists, visitors and part-time residents. These temporary "residents" account for a large portion of the state's economic activity in the form of jobs, income, and tax revenue. They also place demands on transportation, the health care system, law enforcement, and a number of other service areas. On the whole, the state is sensitive to tax policies that shift burdens heavily onto part-time residents or visitors.[4]

Florida is experiencing rapid growth in its younger and older populations. The state ranks first in the percentage of people over age 65,[5] and 23 percent of the state's population is 17 years of age or younger.[6] The rate of growth for each of these groups is increasing faster than the state's population as a whole. While Florida ranks last in the seven study states in terms of the percentage of its population age 24 or younger (see Table 1), the state expects considerable growth in this age group over the next decade. Of the case study states, Florida ranks the lowest in the number of new high school graduates per 1,000 population, and it has the highest high school dropout rate. Florida also ranks low in relation to the other case study states in the percentage of the population that have baccalaureate, graduate or professional degrees.

Table 1

Contextual Variables for Florida Compared to Selected States

(Numbers in Parentheses Represent Rank Among the Seven Study States)

Contextual Variables	*High (1–2)*	*Average (3–5)*	*Low (6–7)*	*U.S. Average*
Population (in Millions) (1995)		14.2 (4)		
Per Capita Income (in Thousands) (1995)		$22.9 (5)		$22.8
Potential Tax Revenue (1995–96)*†	114 (2)			100
New High School Graduates per 1,000 Population (1995–96)†			7.1 (7)	9.6
Role of Private Higher Education§	Major			
Role of Governor‡			Weak	
% of Population with Associate Degree (1990)		6.6 (3)		6.2
% of Population with Baccalaureate Degree (1990)			12.0 (6)	13.1
% of Population with Graduate or Professional Degree (1990)			6.3 (6)	7.2
% of Population 24 Years Old or Younger (1995)			32.0 (7)	35.5
% of Population that is Anglo (1990)	83.1 (2)			80.3
% of Population Who Do Not Speak English in Home (1990)		17.3 (4)		13.8
% of Population in Poverty (1994)		14.9 (4)		14.5
High School Dropout Rate (1992–1994 Average)	12.0 (1)			9.0

* This figure is expressed as an Index: National Average = 100.

Sources: Unless otherwise noted, data are drawn from *Chronicle of Higher Education Almanac* 43, no. 1 (September 1996), pp. 49–50.

† From K. Halstead, *State Profiles for Higher Education 1978 to 1996: Trend Data* (Washington, D.C.: Research Associates of Washington, 1996), pp. 17, 20.

§ From Task Force on State Policy and Independent Higher Education, *The Preservation of Excellence in American Higher Education: The Essential Role of Private Colleges and Universities* (Denver: Education Commission of the States, 1990), pp. 30–32.

‡ From J. M. Burns, J. W. Peltason, and T. E. Cronin, *State and Local Politics: Government by the People* (Englewood Cliffs, NJ: Prentice-Hall, 1990), p. 113.

As with many other states, Florida experienced a major recession from late 1990 through early 1992. Throughout this recessionary period, Florida's elected officials were faced with difficult choices that resulted from slower than expected growth in state revenues. Public opinion favored reducing spending rather than increasing taxes. At the same time, the number of

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recipients qualifying for Medicaid, AFDC, and food stamps was growing as a consequence of high unemployment during the recession. Also, as a result of the in-migration during the 1980s, children of baby boomers began creating additional pressure for public school spending.

About 70 percent of the state's general fund revenue comes from sales taxes. Florida's constitution prohibits the enactment of a state income tax. The property tax is the most important revenue source for local government in Florida, along with fees and charges. Florida voters passed a property tax limitation in 1992 during the depths of the recession. The voters' animosity toward property taxes seems to have carried over into other areas, particularly user fees, making it more difficult for state leaders to find alternative revenue-generating strategies. While Florida is considered one of the nation's "low" tax states, a study by Florida TaxWatch, Inc., found that between 1977 and 1993, total taxes paid by Floridians to federal, state and local governments grew 363 percent.[7]

During more prosperous times, serious discussion of tax reform was possible in the state. In 1988, Florida voters mandated the formation of a Tax and Budget Reform Commission of the state's top lawyers, business executives and political leaders. Its mission was to examine the appropriateness of the state's tax structure, determine the ability of the state and local governments to tax and adequately fund government operations to the year 2000, and identify revenue needs to the year 2000. It was given the authority to propose constitutional amendments regarding tax and budget reforms directly to the voters for approval, thereby bypassing the Governor and the state Legislature. The commission's efforts at budgetary reform (performance budgeting procedures and formats, multiyear forecasting, etc.) were more successful than those of tax reform. The commission was deeply divided on tax reform measures, to the disappointment of many who hoped the commission would recommend a state income tax and tax services.[8] The recession in the early 1990s seems to have ended any serious discussion of tax reform in the state.

The first two years of the 1990s were the worst for the Florida economy. The biggest three spending areas of Florida's state government are education, transportation, and health and welfare. Deep cuts came from all three areas during the recession. A "hodge-podge" of revenue enhancement strategies and spending cuts helped the state make it through the recession. Automobile tax fees, fees for deed transfers and marriage licenses, and tuition increases at the state universities and community colleges were among the sources of new revenue.[9]

The recession in Florida began to abate in early 1993, although the recovery has not been as sharp as past ones. Public sentiment about new taxes, however, has not abated. In 1997 a constitutional limitation in state revenue will take effect for the first time. The legislation that defines this new limitation states, "Growth in state revenues is limited to the average growth rate in Florida personal income over the preceding five years. The limitation is a single cap, applying to all state revenues—general revenues and trust funds. Growth is measured over the

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previous year's maximum revenues."[10] Charles B. Reed, chancellor of the State University System (SUS), predicted that money would be much tighter for higher education as the limit on revenue growth takes effect and pressure builds for increased spending on corrections and other state services.[11]

Services and trade, the fastest growing industries in Florida, will generate over 60 percent of new jobs between 1991 and 2005. State officials predict that all but six of the projected fastest growing occupations will require a bachelor's degree.[12]

Political Context

Although Florida has long been considered a staunchly Democratic, one-party, southern state, this has changed in recent years. The change began as a result of the implementation of the 1992 state legislative reapportionment plan. After the 1994 election, Republicans won the majority in the 40-member Senate. The Democratically controlled 120-member House was only three votes shy of a Republican majority. The state Legislature now more closely mirrors the registered voters in the state. Generally, most observers agree that the effects of reapportionment in Florida have provided more voice to the urban areas of the state.[13]

A number of features make state government distinctive in Florida. The first is the initiative process, which enables a specified number of voters to directly propose a new law and place it on the ballot at a subsequent election. If the proposed language is approved by a majority of the voters, it becomes law. Observers note that Florida may be headed down the same path as California in terms of citizen-led initiatives. The number of constitutional amendments focusing on fiscal restraint is increasing. A second feature of the Florida political landscape is "sunshine": all meetings where the public's business is conducted must be open and publicly announced. A final feature of Florida's political context is the introduction of eight-year term limits for the Governor and members of the House and the Senate.

The Governor and Lieutenant Governor

The current Governor, Democrat Lawton Chiles, defeated the Republican incumbent, Bob Martinez, in the 1990 election and was reelected by a narrow margin in 1994, defeating Jeb Bush, son of President George Bush and an influential Miami realtor. Florida is commonly referred to as having a constitutionally "weak" Governor: the Governor can propose budgets and veto single line-items, but the Governor's cabinet is elected rather than appointed, thereby limiting his ability to implement his political agenda. The current seven-member cabinet is made up of three Republicans, one of whom is the Commissioner of Education.

The Governor makes appointments to the Board of Regents of the State University System and the boards of trustees for the local community colleges. In addition, he appoints the members of the Postsecondary Education Planning Commission (PEPC) and the State Board of Community Colleges (SBCC).

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Several of those interviewed described former Democratic Governor Bob Graham as one of the most influential leaders in higher education during the 1980s. Graham had the good fortune to work with a Legislature of the same party, and he made higher education one of his top issues for the state. The current chancellor for the University System, Charles Reed, served as Graham's chief of staff. Since the emergence of a more competitive political system in Florida, the Governor's influence over major policy issues has weakened.

The role of the Lieutenant Governor in Florida, as in many other states, is primarily one of a figurehead.

The State Legislature

The Appropriations Committee in the House and the Ways and Means Committee in the Senate make most of the important decisions about state priorities and spending, including higher education.

Although the Governor is responsible for developing a budget for the state, many of those interviewed described his budget as "unrecognizable" at the end of the process, or "ignored" by the Legislature altogether. These descriptions are particularly apt since Florida has moved toward a more competitive, two-party state. Prior to the development of the state budget, the Governor, Lieutenant Governor, the cabinet, and the legislative leaders agree on revenue estimates (called "consensus estimates") for the state. All parties then work from the same estimates in developing the budget. The Governor submits his budget to the Legislature and the Legislature develops its own budget. The leaders of the House and Senate agree on the "lump sum" levels to be provided to different areas of state government and each of the committees is responsible for setting its priorities for spending within those levels. The conference process resolves disagreement over spending priorities between the House and the Senate. Once the conference committees reach agreement, the House and Senate usually support the outcome and the budget goes to the Governor for his approval.

The legislative appropriations process drives higher education policy in Florida. The influence of the chairs of the Appropriations and Education Committees with regard to higher education funding and policy is significant. Committee chairs change as often as every two years in the state, sometimes creating a confusing and constantly changing array of priorities for higher education. The Senate is seen as the "activist" body in formulating higher education policies, focusing its attention in recent years on performance-based budgeting, student credit hours, tuition, and the "deregulation" of higher education. Long-time legislative observers in the state agreed that the Senate's activism in higher education is *not* the result of recent political changes in the Senate. As one observer stated, "The Senate has always had a more contentious relationship with the State University System."

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In recent years the House has focused attention on how to accommodate the growing demand for higher education in the state. House leaders have paid particular attention to how many first-time-in-college (FTIC) freshmen are permitted to enroll at the State University System. One legislative observer stated that House members are under political pressure to increase FTIC freshmen, particularly at the University of Florida (UF) and Florida State University (FSU), the two most "oversubscribed" institutions in the state.

Several administrators in the State University System (SUS) offices and on campuses also mentioned the influence of the legislative staff, particularly in the "activist" Senate. For most of the professionals who work in higher education, the Senate's involvement in matters of higher education policy is not seen as positive. The Florida legislative staff often conduct independent studies of higher education that can result in legislation being proposed. The most recent example is a study on student credit hours, which was conducted by the Legislature and which resulted in legislation that capped the state-funded hours to earn a degree. (This initiative is discussed in more detail below under "Issues for Higher Education.")

Many of those interviewed, particularly campus administrators, complained bitterly about the micromanagement of higher education by the Florida Legislature. One faculty member described legislative action as being focused around specific, fragmentary strategies, rather than deriving from an overall policy vision for higher education. A university administrator described how he was inundated with requests for information from the Legislature. Another said that even though the SUS budget comes as a lump sum, many provisos about expenditures are attached.

Higher Education System Characteristics

There are 108 degree-granting institutions in Florida, including a combination of two- and four-year, public and private, upper- and lower-division, and technical and professional institutions. Table 2 indicates that 83 percent of higher education enrollment in Florida is in public higher education. Among the case study states, Florida ranks low with regard to the level of educational attainment of the population. It ranks last with regard to the percentage of high school graduates going on to higher education anywhere, sixth (out of seven) with regard to undergraduate enrollment per 1,000 residents and last with regard to public four-year enrollment per 1,000 residents. The low ranking of undergraduate enrollment per capita in four-year institutions is because primary access to higher education in Florida is through the community colleges. In fact, Florida ranks third in the case study states on public two-year enrollment per 1,000 residents.

Florida operates a relatively low-cost system of higher education because the state has a lower than average cost of living, and a large proportion of public students are enrolled in the community colleges, with their lower associated unit costs.[14]

Table 2

System Characteristics for Florida Compared to Selected States

(Numbers in Parentheses Represent Rank Among the Seven Study States)

System Characteristics	*High (1–2)*	*Average (3–5)*	*Low (6–7)*	*U.S. Average*
Total Degree-Granting Institutions (1994–95)			111 (6)	
Public Four-Year Institutions (1994–95)			9 (7)	
Public Two-Year Institutions (1994–95)			29 (6)	
% of Enrollment in Public Institutions (1994)		83.3 (4)		78.0
FTE Students per 1,000 Population (Public Institutions Only) (1995–96)*			28.4 (6)	31.5
Participation Ratio: Public FTE Students per New High School Graduate (1995–96)*	4.03 (2)			3.28
% of High School Graduates Going on to Higher Education Anywhere (1994)†			48.4 (7)	57.3
State Appropriations plus Tuition Revenues per FTE Student (1995–96)*			$5,386 (7)	$7,020

Sources: Unless otherwise noted, data are drawn from *Chronicle of Higher Education Almanac* (September 1996), pp. 49–50.

* Halstead, *State Profiles: Trend Data* (1996), pp. 17, 20.

† Halstead, *Higher Education Report Card 1995* (Washington D.C.: Research Associates of Washington, 1996), p. 37.

Nine of the 111 degree-granting institutions in Florida are public four-year institutions (not including the new campus to open in 1997) and 29 are public two-year institutions. The rest are private colleges and universities.

Florida's system of higher education consists of one multicampus system (the State University System), one fairly autonomous but coordinated community college system (28 institutions), and many privately controlled institutions of higher education. The state has achieved a fair degree of access with its 10 state universities and 28 public community colleges. Florida's "two-plus-two" policy promotes the recognition and utilization of the public community colleges as the primary point of entry for postsecondary education, and the statewide articulation agreement guarantees entry to the State University System for public community college transfers with an associate of arts degree.[15]

The primary policy making and governing body for public education in Florida is the state Board of Education, while the Board of Regents governs the ten public senior institutions under statutory authority. Included in the comprehensive University System governed by the

Regents are two medical schools, two law schools, a dental school, a veterinary school, and the Institute of Food and Agricultural Sciences. Each of the nine existing universities (and the new university to open in 1997) offers baccalaureate and selected graduate degrees in arts and sciences, business administration, education, and other areas. Specialized undergraduate and graduate programs that are characterized by lower student and employer demand are located at a limited number of institutions.[16]

The State Board of Community Colleges (SBCC) provides statewide leadership and coordination to the 28 individually governed public community colleges. The Postsecondary Education Planning Commission (PEPC) serves as an advisory body to the state Board of Education and the Legislature on all postsecondary education matters.

In addition to the political and institutional leadership for higher education in Florida, a influential coalition of business and education leaders have been lending their weight in attracting attention to and making recommendations for Florida's problems in higher education. The Business/Higher Education Partnership, drawn in part from the Florida Council of 100 (a prestigious business group), released a highly publicized report, *The Emerging Catastrophe And How to Prevent It*, that called attention to issues facing higher education in the state and proposed an agenda for solving the problems.

Issues for Higher Education

A number of issues emerged from the interviews as important for Florida. Five were mentioned repeatedly, even though they were not necessarily perceived as equally important. They include: (1) maintaining and expanding access to higher education for Florida residents; (2) increasing the productivity of higher education; (3) improving accountability and developing performance-based budgeting; (4) "deregulating" higher education; and (5) promoting economic development in the state.

Maintaining and Expanding Access

Concern about how to manage the expected growth in enrollment and maintain access in higher education was mentioned more frequently than any other concern. From 1993–94 to 2010–11, high school graduates in Florida are expected to increase from 90,968 to 138,044, an increase of 52 percent. The increase to the year 2005 (ten years) is 38 percent. Much of the growth in enrollment is expected to be in the southern part of the state. While Florida is known for its relatively low participation rates in higher education (see Table 2), the percentage of high school graduates entering higher education institutions in Florida has steadily increased—from about 47 percent in 1986 to 50 percent in 1994. [17]

The number of high school graduates projected to actually enroll in the State University System is expected to increase by about 33 percent (or 40,000 FTE students) over the next ten years. Enrollment in the community colleges is projected to increase by 32 percent (or 66,000 FTE students) during the same period. [18]

One strategy for accommodating growth in higher education proposed by the Board of Regents and supported by the Governor's office, the commissioner of education and key leaders in the House is to "expand to allow 20 percent of Florida high school graduates to enroll as first-time-in-college (FTIC) students at state universities." The commissioner of education convened a special council to advise him on this issue and the council endorsed the Regents' plan to expand its admission for FTIC graduates by one percent for 1994, (to 16 percent) and recommended further study to determine the appropriate share of FTIC students by the postsecondary sector. Since then, the number has grown steadily but slowly. Currently, the University System admits approximately 16.9 percent FTIC.

Another option for expanding access was the recent action of the Florida Legislature to limit the state-funded subsidy to 60 credit hours for an associate's degree and 120 credit hours for a baccalaureate degree. After completing a study based mostly on students attending the University of Florida, legislators discovered that, on average, students took about 23 credit hours beyond what was necessary for graduation. Difficulty in getting the required classes and poor articulation between the community colleges and senior institutions accounted for most of the excess in credit hours taken. The intent of the legislative limit is to increase efficiency and expand access by making better use of student time and limiting time to degree. As one legislator put it, "the purpose of the new initiative is to save money through reducing the number of excess credits the students take and to use this money to fund the new students who are coming down the pike."

Accommodating new enrollment growth in Florida's community colleges and increasing the vocational educational offerings around the state are other options under discussion by elected and education officials. While no official policy yet exists that would divert more students to the community colleges, one state education official stated that this is under consideration. One means to achieve this goal would be to allow community college campuses to offer course work for baccalaureate degrees that would then conferred by four-years institutions.

Under the umbrella of maintaining and expanding access to higher education in Florida, staff in the Governor's office predicted that issues related to remedial education and academic preparation generally would gain increasing attention. There is a perception in the state that inadequate preparation for college is becoming a barrier to access. Supporting this notion was the passage of legislation in 1995 that reduced the importance of the Florida rising junior exam (CLAST) for sophomore students. Beginning in 1996, Florida students will be allowed to use other ways to demonstrate academic readiness for upper-division work—by scoring high enough on the SAT or scoring good grades in certain high school or college courses. Tensions over the use of this exam as a "gatekeeper" since its inception in the mid-1980s have existed between community college and legislative leaders.

While one Florida official stated, "There's no way that we can build facilities to accommodate" the growth expected in Florida higher education, plans are underway in Florida to open one new campus to handle growth in the southern part of the state. The Florida Gulf Coast University is scheduled to open in 1997 with a projected enrollment of about 1,000 FTE students. Officials predict that enrollment will grow to 4,000 FTE students by the year 2003. A ten-year enrollment target of 8,100 students was recommended by the Board of Regents, with enrollment expected to double to over 16,000 in 25 years.[9]

A final option for accommodating student enrollment is for Florida to make better use of private colleges and universities in the state, a number of interviewees reported. Independent colleges and universities in Florida now enroll approximately 100,000 students. Legislators and other state officials mentioned with frequency their interest in "buying" spaces in independent colleges and universities. A recent report from the Business Higher Education

Partnership recommended that state policies support the movement of about 10,000 students into the private colleges and universities.[3] Also, the State Board of Community Colleges has been working with Florida's private institutions of higher education to develop a comprehensive articulation agreement to improve the articulation of students from public community colleges to private institutions.

Increasing Productivity in Higher Education

The new law that limits the number of credit hours students can take to receive an associate and baccalaureate degree comprises the Legislature's major effort to address productivity in higher education. In this law, the Legislature allowed the Board of Regents to make exceptions to the caps for programs that demand more time.

Discussed less frequently but equally important is the law's limit of 36 credit hours for general education courses. A legislative staff member stated that this limit was imposed to get faculty to pay attention to general education and make sure that students aren't taking more than they need, simply due to faculty neglect of the curriculum. A faculty member, however, told us that his institution has "been forced to compromise" in the area of general education by limiting writing courses and reducing the number of science courses available for students.

In response to the limit on the number of credit hours, the University of Florida has offered high-demand courses during the evenings and weekends. Additionally, this institution has guaranteed that students can finish their degree programs within the caps.

The Legislature has also been active in convening community college presidents with university presidents to address the issues of transfer and course requirements for various fields. Many of the excessive credit hours were being taken by community college transfer students who could not transfer courses or who were required to retake many of the university's general education courses.

Concerning other issues, the Legislature has introduced incentives for good teaching, with up to $5,000 increases in base salaries for exemplary teachers. One legislator noted that upcoming legislative sessions are expected to focus on teaching excellence—through an explicit discussion of tenure and the appropriate criteria for tenure. In addition, the Board of Regents held a "retreat" to talk about tenure, and alternatives to it, in early 1996. As one newspaper editor noted, "Tenure will be under fire in 1996."[4] Already, Florida Gulf Coast University, due to open in 1997, is hiring professors on multiyear contracts instead of offering tenure.

Accountability and Performance-Based Budgeting

All state agencies in Florida have or are in the process of moving toward performance-based budgeting, a product of Governor Chiles' efforts to "reinvent" government. According to the

Governor's office, each state agency will be required to identify goals that they intend to reach over a defined period of time. Specific measures will be developed to determine if the agency is meeting its goals, and the achievement of these goals will be linked to the budgeting process. In exchange for specifically identifying goals and establishing measures to assess progress toward those goals, agencies will be given a lump sum of money with increased management flexibility.

Both the State University System and the community college system have been requested to submit accountability plans, the first step in implementing performance-based budgeting. The community colleges, the first to use the performance-based budgeting system, will be the "guinea pigs," as described by legislative staff. The first performance-based budget will be submitted to the Legislature by the community colleges in 1996–97. Three major areas driving the performance-based budget for the community colleges are measures of effectiveness related to the AA degree, the AS degree, and remedial and college preparatory course work. The State University System will be required by the Legislature to produce a performance-based budget in the next few years. Several years ago the University System was granted increased flexibility through a lump-sum budget (based on a formula) rather than a line-item budget for each institution.

Some state education officials are skeptical that performance would be the driving force for budget decisions in the future. If performance of key indicators were the primary drivers of the budget for community colleges, one official stated, you would see a redistribution of dollars from South Florida, particularly in the Miami-Dade area, to other institutions across the state. This is unlikely, he speculated, given the political power of South Florida in the Legislature. More likely, he said, a small pool of new dollars would be set aside to address performance-related criteria.

Deregulation in Higher Education

There has been a great deal of talk, a fair amount of controversy, and little action in attempting to move toward a more flexible, decentralized State University System in Florida. In response to a legislative request to cut funding for higher education in the SUS by about 25 percent in early 1995, the chancellor submitted a plan to the Legislature that said, according to one interviewee, "Okay, you won't give us the money, but you must then stay out of our affairs." The plan, described by the chancellor as a "strategy," was a way to "deregulate" rather than to privatize, per se. While many discussions were held, no legislative action was taken and the State University System received an increase in funding rather than the decrease that was expected.

In the last few months of 1995, more talk about "deregulation" surfaced, this time in a proposal by UF President John Lombardi. As a result of Lombardi's close work with legislative leaders on the credit-hour issue, discussions were being held about how to reduce the costs of higher education over the long term. Lombardi wrote a draft proposal, "Improving

Efficiency and Accountability: Deregulating University Instructional Funding," that called for providing a maximum number of educational credits to Florida students admitted to any Florida college or university. The credits would be transferable from institution to institution. Students would choose where to use their educational credits, based on institutional programs and a whole host of other market-related factors. Institutional leaders would set tuition according to the market value of their programs and services. Tuition differentials would exist within the University System.

Prior to a full discussion of the proposal with the SUS chancellor and presidents, the Lombardi proposal was shared with legislative leaders, their staff, and the media. Some regents, concerned that the proposal was shared publicly before it was discussed with the full board and with other SUS officials, immediately criticized Lombardi. Legislative leaders who had been discussing ideas with Lombardi for several months believed that the system was trying to silence him and that the Regents were threatened by the idea of change and deregulation. Editorial writers came to Lombardi's defense and portrayed the system as an entrenched bureaucracy. Meanwhile, some regents and the chancellor's office accused Lombardi of sandbagging them and making end-runs to the Legislature. The chair of the Regents chastised Lombardi in a handwritten letter, later made public, suggesting that this type of behavior was inappropriate and, if continued, might result in the president looking elsewhere for employment.

Since the controversy erupted, the rhetoric from all sides has cooled. Legislators, however, still angered by the system's actions, introduced a bill that would have significantly weakened the authority of the system office and changed the chancellor's title to executive director. The legislation was not enacted.

Since the conflict over John Lombardi's proposal for deregulation in late 1995, the Business/Higher Education Partnership has endorsed a recommendation in their recent report to increase student tuition in the near term, but to also authorize a phased-in plan for privatization and decentralization of the state universities. This recommendation includes giving presidents latitude to set tuition as they think appropriate to their markets.

Economic Development

Several of those we interviewed spoke of the importance of using higher education as a tool for economic development in the state, although this topic was not mentioned with the same frequency as other key issues. Economic development was discussed in the context of creating a highly skilled and educated work force. Some of those interviewed, however, gave priority to the link between research, particularly applied research, and economic development.

Staff from the Legislature and the Governor's office discussed the importance of vocational education and school-to-work programs as a critical strategy for economic development. A legislative committee chair said that he finds it disconcerting that many students, after earning a

bachelor's degree, return to the community colleges and technical institutions to learn job skills. He sees the connection between education and work as critical not just for the individual but also for the state.

The State University System

History of the State University System (SUS)

In 1905, the Buckman Act created the first system of higher education in the state. The Buckman Act consolidated the institutions for whites into a university for men in Gainesville (University of Florida) and designated the institution in Tallahassee (Florida State University) as a university for women. The act also designated the State Normal School For Colored Students (Florida Agricultural and Mechanical University) as a postsecondary education institution. The Buckman Act provided for a Board of Control to govern these three institutions, which reported at that time to the state Board of Education. The Legislature maintained control over the funding of the institutions, the number of positions and the buildings. Legislative decisions determined individual salaries, campus location, the size of buildings, and the expansion of academic programs.

Governor Leroy Collins called for the first statewide study on higher education in 1956, resulting in the Brumbaugh and Blee Study focusing on the expansion of higher education in Florida. As a result of this study, the Legislature authorized significant expansion of higher education, including the creation of a state community college system. The report also identified issues of quality, concentration and research at upper-division universities, and emphasized the need for access and equity in the new community college system.[22]

In the following two decades, six new universities were established, four of them initially designated as upper-division institutions. (The tenth campus in the Florida State University System will open in Fall 1997.) The older institutions under this structure maintained their designation as upper-division institutions. The Board of Control over the universities was retained into the 1960s. One university administrator told us that remnants of the Board of Control language are still present in the minutes of the Regents' agendas today. He told us, for example, that university presidents have limited authority to approve contracts, a remnant from the Board of Control regulations.

As in many other states, the 1960s was a decade of rapid growth for higher education in Florida. In 1965, the Legislature, acting on the belief that greater coordination over the universities was important, abolished the Board of Control and established a nine-member Board of Regents. The Regents were given specific powers to govern, regulate, coordinate and oversee the institutions and agencies, including the power to appoint university presidents.

In 1968, the executive branch of state government was reorganized and the Board of Regents became a unit of the Department of Education, reporting through the commissioner of education to the state Board of Education. This centralization diminished the autonomy of older institutions and led to the consolidation of university operating and building budgets. The chancellor and his staff became the chief advisors to the Regents in these areas. In 1969 the Regents of the new system approved a "Comprehensive Development Plan" for the State University System that provided a framework for system development.

While the expansion of higher education in Florida continued in the 1970s, it did so at a time when overall institutional operating budgets were being reduced. In the late 1970s the Legislature responded to concerns about the quality of the University System and aspired to national recognition in several areas. To achieve their goals, the Legislature created and funded "Centers of Excellence" for universities to gain national distinction in their research programs. In 1979 the Legislature strengthened the autonomy of individual campuses under the Board of Regents, focusing the Regents' authority on: adoption of systemwide rules and procedures; planning for the future; reviewing and evaluating campus institutional, research and service programs; selecting presidents; and monitoring fiscal performance. The focus on developing the research capacity of the universities was continued throughout the 1980s. In 1989, the University System successfully competed for and won the National High Magnetic Field Laboratory—with the Massachusetts Institute of Technology (MIT) as its chief competitor—through the assistance of the Legislature, the Governor's office and university officials. According to one elected official, "We had a lot of money. We said we didn't care what MIT put on the table, we'd match it." The same official later stated that it is not likely that Florida could make the same commitment today.

According to a state historical document, the continuing debate about the shared authority between the campuses, the Regents and the Legislature led to the establishment of the Postsecondary Education Planning Commission (PEPC). The original proposal for the commission included language that gave it significant authority over higher education. The bill was eventually vetoed by Governor Bob Graham; instead, the Governor created PEPC by executive order. PEPC was administratively housed in the office of the commissioner of education and was charged to prepare and submit to the state Board of Education a master plan for postsecondary education. In addition, the executive order further reduced the authority of the Regents by focusing their responsibilities on policy development rather than on the details of daily campus administration.

The number of board members was increased from 9 to 13 by the 1981 Legislature in an attempt to end the perception of allegiance of each regent to a single university. Currently, members of the Board of Regents are appointed by the Governor and confirmed by the Senate to six-year rotating terms.

The Role of the Current Board of Regents and the Chancellor

The Board of Regents has been described by some as analogous to a board of directors of a corporation with the chancellor as its chief executive officer. Each state university is delegated responsibility for its own organization. University officials confirmed that the chancellor has a direct line of communication with the Governor and the commissioner of education.

The state Board of Education, which in Florida is composed of the elected cabinet, is the chief policy and coordinating body for public education. The board must approve all rules adopted by the Regents. Although the board also adopts and transmits the SUS legislative budget request, one state official called the Board of Education's role in the budget a "rubber stamp."

The chancellor's office develops and manages its own statewide data base for higher education. Most of the information needed by the Legislature comes from the chancellor's office. A state official expressed general satisfaction with the quality of data produced by the system office and the time it takes to fulfill requests for information. Legislators involved in the recent study of credit hours disagreed. One legislator asserted that the most significant drives to adopt performance-based budgeting for the University System were the result of inadequate data on which to base decisions.

The division of authority between the chancellor's office and the Legislature appears fairly well understood and has developed over time. According to one university official, the Legislature may legitimately tell the system to limit student enrollment, or conversely, take more entering freshmen than has normally been state policy. On the other hand, the Legislature is not welcome, according to this official, to tell the Board of Regents that a new educational program may or may not be approved and where it should be located. The chancellor's office gives the university presidents a fair amount of latitude in establishing the missions of their institutions. Traditionally, the Florida master plan provided limitations on the number of research universities in Florida. State officials told us that the master plan no longer effectively serves this purpose and the only constraints in changing institutional mission are systemwide program approval mechanisms and the amount of money appropriated by the Legislature. Competition between various programs tends to occur where two institutions are in close proximity and compete for some of the same programs (for example, Florida State University and Florida A & M University).

The roles of the campus presidents vis-a-vis the chancellor also seem to be clear. A number of university administrators emphasized that the role of the chancellor is to deal "head on" with the Legislature, whereas the job of the presidents is to run their campuses. Some presidents may complain directly to the Board of Regents, for example, about the lack of funds; most complaints, however, go through the chancellor's office prior to the involvement of the Regents. This may be one reason why the proposal by UF President John Lombardi caused such concern: the carefully negotiated, and often unwritten, rules of conduct within the system were violated in a basic way.

The faculty at the State University System are unionized and the chancellor meets with their representatives several times during the year. The Board of Regents is responsible for negotiating contracts with various unions. If agreement cannot be reached by the Regents, the Legislature becomes the key bargaining agent for the state. The strength of the unions varies by institution, with the more powerful unions located in the urban areas of the state. Several of those interviewed confirmed that Florida is a "weak" union state. One high-level university official stated that from a system perspective, "It is better to have a weak union than no union at all," since a union provides some control over faculty work rules, etc.

Enrollment and Tuition in the State University System

Historically, the State University System takes fewer first-time students than do many state colleges and universities in other states. The state also has a fairly high admission standard for first-time students. The University System requires a 3.0 high school grade point average (GPA) and/or a score of 1050 on the SAT. According to the chancellor, the Board of Regents implemented a systemwide minimum standard for all first-time entering students at 900 SAT with a GPA of about a "C plus." Individual institutions, however, can increase their own admissions requirements above that minimum, based on their mission and the number of students they enroll.

Enrollment projections for the SUS and the community college system are reached through an enrollment estimating conference made up of representatives from the various education sectors in the state. PEPC has plans underway to develop an enrollment model that provides better projections for the state.

Enrollment in the University System has increased steadily since 1988. The system grew by 25 percent between 1988 and 1994 with a head-count enrollment of about 158,000 in 1988 and 198,000 in 1994. Student enrollment increased every year between 1988 and 1994. There are about twice as many upper-division students as there are lower-division students in the State University System. Roughly two-thirds of the upper-division students in the University System are community college transfers. Campus enrollment levels vary widely, from about 5,000 students to about 24,000.

Florida is considered a low-tuition state. In 1995–96 the State University System ranked 47th in the nation in terms of tuition charged for resident undergraduate students. Tuition has increased by 36 percent from 1990 to 1996. Tuition for undergraduate resident students in Florida rose from approximately $838 in 1990 to $1,142 in 1996.

Substantive legislation in the 1991 legislative session authorized a tuition indexing policy for future years as follows: By December 1 of each year the Board of Regents shall set the resident undergraduate fees for the subsequent fall term at no more than 25 percent of the prior year cost of undergraduate programs (capped at a 10 percent increase per year); graduate tuition

may be increased by the same percent as undergraduate fees; non-resident fees are to be set at a level to cover the full cost of undergraduate education, but capped at a 25 percent increase per year. Currently the Board of Regents cannot act unilaterally on setting tuition for the system. Legislative approval for appropriating tuition dollars requires compromises to be reached on tuition levels each year.

Legislative resistance to tuition increases has been strong in Florida; one respondent stated that such increases were perceived by the public as tax increases. It appears, however, that legislative concern over raising tuition is abating. Supported by the Business/Higher Education Partnership's proposal for tuition increases to be linked to a percentage of the cost of instruction,[24] legislative leaders approved a seven percent increase in tuition for fall 1996, the first increase in four years.

Florida's Community Colleges

Background

The first public community college in Florida was established in 1933. It and several others established throughout the 1940s were part of the local county school system, approved by the state Board of Education. The system encouraged careful administration of what was then called the "junior colleges" budget and encouraged local responsibility and involvement. An advisory committee of local citizens was established for each junior college; each of the local committees had an advisory relationship to the county Board of Public Instruction.

In 1955 the Florida Legislature established the Community College Council. In 1957, the council's first master plan recommended a comprehensive system of public community colleges in Florida. The plan stressed the importance of maintaining reasonable costs, an open-door policy and geographic access. Its primary goal was to plan for the provision of post–high-school education within commuting distance of 99 percent of the state's population.

In 1968, the Florida Legislature established independent local boards of trustees for community colleges, providing each board of trustees with legal responsibility for maintaining and operating its local college. The Governor, after consultation with representatives from various districts, appoints the trustees of the local boards. In 1972 the last of the 28 community colleges was established, thereby providing all Floridians with accessible and affordable college education opportunities. All the colleges offered the first two years of a baccalaureate degree, vocational education, and adult continuing education. No local taxes support community colleges in Florida. Funds are primarily from the state and students. Community colleges also receive federal dollars to address specific work-force priorities.

To further strengthen the community colleges, the 1979 Legislature established the State Community College Coordinating Board. The board was reorganized in 1983 when the Legislature established the State Board of Community Colleges (SBCC).

Half of the technical centers in the state are managed by local community colleges; the other half are managed by local school districts. As one informed respondent stated, "We have some districts where community colleges are the vocational technical center and the providers of adult education. About half of our community colleges fall into that category; then about half of them do not have that responsibility. So we have a dual system, which I think is going to

change as we get into the block grants, the work-force training programs, and welfare transition programs."

The State Board of Community Colleges must preserve the balance of maintaining control by local boards of trustees, while establishing statewide policies and ensuring effective coordination. The SBCC consists of 13 members, including the commissioner of education and a student member. The primary mission of the community colleges is to respond to community needs for postsecondary academic education and postsecondary vocational education. In 1989, the Legislature broadened the authorizing statute by adding economic development as part of the primary mission of community colleges.

Enrollment and Tuition at the Community Colleges

Under the two-plus-two policy, once students complete the associate degree at the community college, they are guaranteed admission to the university. They are not guaranteed admission, however, to a specific program or institution.

Enrollment in the state's 28 community colleges has steadily increased by 24 percent between 1988 and 1994. Enrollment increased nearly every year during this period, from 263,000 head-count students in 1988 to 325,000 in 1994. Tuition in Florida's community colleges increased by 37 percent between 1990 and 1994, from $766 to $1,052.[25] In 1994, Florida's community colleges ranked 31st in the nation in terms of tuition. The Legislature is responsible for establishing tuition rates.

Currently, most community college data are collected at the local level. Legislative staff involved in the credit-hour study complained about the lack of good data on the community colleges.

Postsecondary Education Planning Commission

The Postsecondary Education Planning Commission, created by executive order in 1980 and subsequently given statutory authority in 1981, serves as an advisory body to the state Board of Education and the Legislature on all postsecondary education matters.

PEPC is responsible for developing the master plan for Florida postsecondary education. It also has responsibility for reviewing and commenting on program proposals. Several people mentioned the importance of the research and policy analysis provided by PEPC to the Legislature and the Governor's office.

PEPC plays a critical role in drawing the private colleges and universities into the master plan for higher education. Additionally, PEPC reviews all contracts with the privates, so when the state wants to buy slots in private colleges and universities in Florida, PEPC is the key agency for leadership.

PEPC consists of 12 members (including one student) appointed by the Governor. The first board for PEPC acted as a blue ribbon commission, providing statewide direction for higher education. Since that time, the general quality of board members has not been as strong, a number of observers noted. An appointment to the Board of Regents by the Governor is considered more prestigious than an appointment to PEPC. Also, some officials mentioned that there is a perception that PEPC favors the community colleges over the State University System in their planning process. This perception exists because of the number of commission members associated with community colleges. According to one state official, this places PEPC in an awkward position when it considers issues that, in effect, require some determination of the merits of the case for the University System. The primary example of this ongoing tension on the board involves the issue of how many first-time-in-college (FTIC) freshmen were to be admitted to the State University System. The community colleges believed that the University System should not increase the number of first-time freshmen that it admitted. PEPC supported the community colleges on this point. Some individuals in the SUS system see this as a bias toward the community colleges.

PEPC, however, has raised questions about how many Florida high school students are eligible for the State University System and the need for better data before implementing a policy change to increase the number of first-time freshmen at the State University System.

Largely as a result of this disagreement over FTIC freshmen, the Legislature passed language last year that required PEPC to complete its master planning process before the University System, community college system, and private and independent colleges completed their strategic plans. The legislation also encouraged these systems of higher education to address how they fit into the statewide master plan.

PEPC is the advisory body to the Board of Education. In reality, however, PEPC provides information and policy analysis that aids the Legislature and Governor in making decisions about higher education in the state. PEPC has a small staff and periodically relies on consultants to assist with special projects. PEPC currently does not manage a central information base on higher education in Florida; the commission must rely on the willingness and cooperation of the segments to provide needed information.

In the first few years after its creation, PEPC functioned as a coordinating board, working closely with the Legislature. This was at a time, according to some interviewed, that the Board of Regents was a weak governing body and the Legislature attempted, unsuccessfully, to make PEPC a governing board. In 1980 the Legislature considered decentralizing the Board of Regents and creating governing boards for individual institutions. The move toward local boards was not successful and PEPC was created by executive order of the Governor.

Florida's Private Colleges and Universities

Florida's private colleges and universities enroll a total of more than 100,000 students, and about 36 percent of the students enrolled in Florida baccalaureate degree-granting colleges and universities. Florida residents comprise about 65 percent of the students enrolled in the private institutions. There are 23 private institutions that belong to the Independent Colleges and Universities of Florida (ICUF). The range of institutions in the independent sector is diverse, from the University of Miami to three historically black colleges and a small liberal arts institution with less than 500 students.

The 1993 master plan developed by PEPC calls for Florida to: (1) increase the utilization of independent schools, colleges and universities to improve access to a degree; (2) include the independent sector in attaining one coordinated system of education in the state and in improving the number of minority teachers; and (3) improve the use of nonstate resources and expand access in areas of unmet state need.[26] Little has been asked of the independent colleges and universities in Florida in return for state funds. This, however, will change in the near future. Under new legislation that directs PEPC to develop a statewide master plan for higher education, the private colleges and universities will also be asked to submit a strategic plan to be coordinated with the other sectors of higher education.

Independent colleges and universities have offered to provide graduate programs at the new Gulf Coast University, thereby saving the state from this investment. In fact, one representative of the independent sector stated that the University of Miami could provide most, if not all, of the graduate programs for the new university. With state support, the private colleges also make slots available in high-demand programs to accommodate Florida students. To send students to the private colleges and universities to take advantage of these slots, the state pays the difference between public university tuition and private tuition. In addition, the state provides a tuition equalization grant for students who choose to attend a private college or university.

Independent institutions in Florida receive state funds through students (via the state student aid programs) and through direct institutional grants designed to improve access and choice, and to provide specialized educational services. State funding for private colleges and universities now exceeds $53 million annually.

The independent colleges and universities have a strong presence in the state Legislature and the Legislature does not hesitate to use the capacity of the state's private colleges and universities. The present staff director for the independent colleges and universities is also chairman of the Senate Higher Education Committee. His recent appointment to this post caused some concerns about conflict of interest among higher education leaders in Florida's public and private colleges and universities.

A recent report from the Business/Higher Education Partnership recommended that the state continue to take advantage of its private colleges and universities. In fact, in an effort to encourage 10,000 more Florida residents to attend private colleges and universities, the report recommended nearly doubling (to about $3,000) the resident access grant for students attending private institutions.

Financial Aid in Florida

Office of Student Financial Assistance

The Office of Student Financial Assistance is in the Florida Department of Education, and the executive director reports to the elected Commissioner of Education. The primary responsibility of the office of student financial assistance is to administer the state's student financial aid programs. The office also serves as the guarantee agency for the federal student loan program. While the office occasionally undertakes reports for the Legislature, most of the policy reports on financial aid are completed by PEPC or the Legislature.

The Office of Student Financial Assistance administers 29 financial aid programs for Florida residents, which totaled about $114 million dollars in 1995–96. Four of these programs have a major impact on public and private higher education in Florida (see Table 3).

Table 3

Financial Aid Program Funding

(Dollars in Millions)

	1992–93	*1993–94*	*1994–95*	*1995–96*
Resident Access Grant	$16.6	$18.5	$19.9	$19.9
Undergraduate Scholars	$25.0	$30.7	$33.2	$33.1
Public Assistance Grant	$21.0	$22.3	$27.6	$28.7
Private Assistance Grant	$6.9	$7.1	$7.3	$6.9

Source: Consolidated from *State Student Financial Aid Report* (Tallahassee: PEPC, 1996), and *Annual Report on State Financial Aid Programs: 1993–1995* (Tallahassee: Florida Council of Student Financial Aid Advisors 1996)

The largest of all the financial aid programs is Florida's Undergraduate Scholars Fund, which totaled more than $33 million dollars in 1995. The Undergraduate Scholars Fund is a merit-based aid program for students attending either public or private colleges and universities in Florida. In order to be eligible, students must have a 3.5 (out of 4.0) high school GPA and an SAT score of 1270 or above. In fact, Florida's merit program is one of the largest in the

country, exceeded only by Georgia's HOPE Scholarship. In 1994–95, over 36 percent of Florida residents entering the State University System received a merit scholarship. The award amount for merit scholars in 1994–95 was $2,280.

The second largest state financial aid program is the Public Florida Student Assistance Grant, which totaled about $29 million in 1995–96. This program provides need-based financial assistance grants to full-time students (attending any state university or community college in Florida) who have met state requirements and who have also applied for a Pell Grant. The average award amount for community college students in 1994–95 was $646 and for state university students $1,030. The 1996 Legislature substantially increased funding for this program. In 1996–97, the maximum award was expected to be approximately $1,700.

The third largest state financial aid program, or voucher, is for Florida residents attending a private college or university: The Florida Resident Access Grant, which totaled close to $20 million dollars in 1995. This program provides tuition assistance to any full-time undergraduate student registered at an accredited independent nonprofit college or university. To be eligible, a student must reapply each year, be a state resident, and maintain a 2.0 GPA. The maximum award equals 30 percent of the cost to the state for a student in the State University System for an academic year, or a lower amount as specified in appropriation language. The award amount in 1994–95 was $1,090.

The fourth largest program in the state, the Private Florida Student Assistance Grant, is a need-based financial aid program for students attending a private college or university in the state. During the past two fiscal years the state has appropriated approximately $7 million with an average award of about $1,020.

The Office of Student Financial Assistance is not the only agency providing financial aid to Florida residents. Staff mentioned that the office faces stiff competition from guarantee agencies in other states (USAF in particular). The competition is focused on private colleges and universities with high loan-volume. Because increasing numbers of student loans are guaranteed by out-of-state agencies, the collection of data on student borrowing trends in the state is incomplete.

More than one state official complained about the number of grant programs in the state and said they need to be consolidated. But each program, we were told, has vocal supporters who are influential with legislators.

Trends in Student Aid

State data reveal that students have become increasingly reliant on loans to fund their education. Of the $246.6 million in SUS financial aid in 1990, loans accounted for 52 percent of the total, grants 27 percent, scholarships 18 percent, and student employment 3 percent. By 1994, loans

were nearly 65 percent of the total, grants 20 percent, scholarships 15 percent, and student employment less than 2 percent.

The Department of Education provides summary totals for state-funded program dollars that flow to the private sector and public community colleges. Aggregated data from these summaries show that the private sector received approximately $30.6 million through indirect state funding mechanisms in 1991–92. The estimated amount grew to $32.4 million in 1994–95, a meager growth rate that was affected by the increased participation of the public sector in these programs. Public community colleges received $10.8 million and $17.8 million for 1991–92 and 1994–95 respectively.[27]

Florida students also contribute to their own financial aid, through "recycled" tuition revenue. The state authorizes the Board of Regents to contribute five percent of the matriculation and tuition fees as a source for student aid. These funds are distributed by the institutions. About 70 percent of aid from tuition dollars is awarded on a need basis. In 1994–95 the student aid generated from tuition dollars was about $16 million for the State University System. The Legislature also authorizes the community colleges to collect five percent of the matriculation and tuition fees for financial aid. In 1994–95, this amount came to about $11 million.[28] In addition, local community colleges have the authority to grant tuition waivers in order to encourage student enrollment.

A number of state officials mentioned the rapid increase in merit-based financial aid in Florida. Between 1990–91 and 1995–96, the state budget for merit aid increased from $19 million to $33 million, an increase of 74 percent. Because legislators and others believed that Florida was losing talented students to out-of-state institutions, the merit aid program was increased to "keep talent in Florida." One state official mentioned that there seems to be a growing consensus, at least among policy leaders, that the state must begin to invest more state dollars in need-based programs. A university administrator, however, cautioned that constituent support for merit aid is very strong in Florida and said it would be difficult for legislators to back away from their support of merit aid in the near future.

Trends in Family Income

According to a study undertaken by PEPC on how Floridians pay for college, dependent students attending a private college or university in Florida in 1991 came from families with a median family income of about $46,000 ($27,000 for independent students). For dependent students who attended public four-year institutions, median family income was about $50,000 ($21,000 for independent students). For dependent students attending the community colleges, median family income was about $37,000 ($19,000 for independent students). A PEPC official cautioned that the study's sample size does not permit conclusions across sectors and across different types of institutions. He did add, however, that in general Florida's major research universities serve a higher-income population.

The study also shows that compared with public four-year institutions, the private sector had a greater proportion of families with incomes above $90,000 and below $30,000. For the public four-year system as a whole, more than 36 percent of all dependents came from families with incomes above $65,000 and 20 percent from families with incomes under $30,000.

Trends in Family Savings

According to one state study, few families in Florida are saving adequately for their children's education. Over two-thirds of all Florida families with dependents in college did not prepare for their children's education. As expected, the likelihood of saving for college rises dramatically with family income, but even among families with incomes above $60,000, slightly less than half have saved for college.

The primary policy instrument to encourage parental savings is the Florida Prepaid College Program. Among the families in Florida who saved for their children's education, 16 percent used the program. For families earning less than $30,000 who saved, 21 percent used the program.

The program allows families to begin paying for the cost of college at a guaranteed fixed rate—the cost of tuition is locked in. If the beneficiary of a plan attends a community college instead of a state university, the difference in tuition is refunded. All funds paid by Florida residents are invested in a trust fund set up by the state. The fund is administered by the seven-member Florida Prepaid Postsecondary Education Expense Board. The program is guaranteed by the State of Florida. The Florida Legislature is obligated to maintain the program's financial soundness. Under the 1988 IRS rulings, any tax liability is deferred until the student enters college. At that time, the difference between the amount paid in and the value of the benefits received is taxable to the student over his/her college years. Payments into the tuition plan are not tax deductible.

The Budget Process

The share of the state budget devoted to higher education in Florida declined 13.6 percent from 1990 to 1995 (from 13.2 to 11.4 percent).[29] Total state appropriations to higher education over this period increased from $3.4 billion in 1990 to $4.1 billion in 1995.

The reduction in state budget share has hardly gone unnoticed. Charles Cobb, the chair of Pan Am Corporation and chair of the Business/Higher Education Partnership in Florida made this recent statement: "Florida's *de facto* disinvestment policy for higher education needs to stop. The share of revenues going to the universities and community colleges needs to stabilize now and increase later."[30] The report from the Business/Higher Education Partnership further recommended that the state guarantee that higher education's share of state funding not fall below the current low levels of 7.5 percent for the universities and 3.6 percent for the community colleges.

The major sources of state funding for higher education in Florida include general revenues, the lottery, and tuition dollars (appropriated by the Legislature). Fifty percent of the state lottery is dedicated to education in Florida. Of that 50 percent, 70 percent goes to K–12 education, 15 percent to the community colleges, and 15 percent to the State University System. In addition, community colleges receive funding from local taxes as well as state general revenue. These local funds come from special referenda, and very few colleges have been successful in tapping this source.

The State University System

The State University System submits it budget directly to the Governor and the Legislature. While the Board of Education is the responsible entity for submitting the SUS budget, their involvement is described as a "rubber stamp." The University System submits one budget and receives a single appropriation from the Legislature, with 5 or 6 major categories.

Each campus in the University System is responsible for submitting a budget to the system office. The budgets are based on historical allocation, changes in enrollment or institutional mission, and system priorities. The system allocates funds to the institutions based on a series of formulas. The institutions then have the flexibility to move dollars between program areas and between types of expenditures.

Prior to 1991, the budget process did not grant as much flexibility to the University System. A line-item budget was submitted to the Legislature and a detailed line-item budget was approved. Some legislative and other state leaders expressed concern about the deregulation of the SUS budget process; according to one observer, "We should not have given them the flexibility without some accountability mechanism in place."

Some concern was expressed by state leaders that the Legislature works from a different formula than the Regents in coming up with the system budget request. This results in different sets of priorities being pursued in the budget process. Attempts to work from the same general formula are underway at the Legislature.

The total SUS budget from the state is approximately $1.67 billion in 1995–96, up slightly from $1.44 billion in 1991–92 (see Table 4). According to one long-time legislative observer, this represents about 40 percent of the operational budget of the University System. The 40 percent does not include federal research funds or auxiliary services. Included in this total are state lottery funds (about $124 million in 1995–96) and approved student fees (about $287 million). The rest of the state funds for the University System come from state general revenue.

Table 4

State University System Appropriated Funding

(Dollars in Millions)

	1991–92	*1995–96*	*% Change*
General Revenues	$956.0	$1,166.7	+22%
Lottery	$127.0	$124.4	–2%
Student Fees	$246.3	$286.6	+16%
Other Trust Funds	$111.8	$93.2	–17%
Total Funds	$1,441.1	$1,670.9	+16%

Source: Florida Senate Ways and Means Committee, *Education Funding Summary* (Tallahassee: 1991–92 and 1995–96 editions).

While the University System received a cut in state funding during the recession in the early 1990s, enrollment did not decrease; in fact, it rose slightly. One university official stated that the system handled budget cuts by reducing adjunct professors and teaching assistants, increasing the teaching load, and foregoing lower priorities like maintenance of facilities. In addition, faculty were not granted salary increases for one year.

During 1995, PEPC recommended that the legislative funding formula for the University System include a new allocation process designed to fund FTIC students in the SUS for only the costs of lower-level instruction. The PEPC position states that: "The commission recognizes and supports the importance of public service and research in the state universities but believes that these functions should not be components of undergraduate enrollment funding. If it continues to be necessary to fund these functions as a part of undergraduate enrollment, they should be funded only as a component of upper-level enrollment growth."[11] PEPC's policy statement was, in part, a reaction to the proposed increase of FTIC freshmen enrolled at the University System rather than at the community colleges.

At least one campus administrator expressed concern about this practice. He stated that it would be difficult to take any more students without the full funding and said campuses will be reluctant to do this in the future. According to one higher education official, no one can say how the budget was arrived at for the current fiscal year. As he stated, the state has a number of formulas, but in the final analysis the budget amount for the University System is negotiated with the Legislature.

The Community College System

The community colleges also receive the largest proportion of their revenue from the general fund. Community colleges in Florida do not receive local funds unless a local referenda has passed that allows the district to tax for the community colleges. The success rate of such referenda is quite low. FTE enrollment figures for each community college are established every funding session and are instrumental in determining general revenue funds. Table 5 shows the changes in levels of funding for the community colleges, by source, for the past four years.

Table 5

Estimated Funding for Community Colleges

(Dollars in Millions)

	1991–92	*1995–96*	*% Change*
General Revenues	$440.9	$528.0	+19.7%
Lottery	$127.9	$116.6	–8.8%
Student Fees	$175.7	$224.3	+27.7%
Total Funds	$744.5	$868.9	+16.7%

Source: PEPC

According to legislative leaders, the state provides a lump sum to each community college. It expects each local board of trustees to develop priorities for programs that meet local needs. The Legislature also provides the local boards of trustees with the flexibility and responsibility to set policy on pay and salary increases. In addition, each year the Legislature establishes an average student fee charge; local boards have the flexibility to set their fees anywhere within ten percent above or below this average amount. The Legislature also provides categorical funding for special projects or state priorities; these funds are limited in purpose.

While enrollment is the primary driver of the funding formula for the community colleges, the formula takes into account the base budget from the previous year, the costs to continue operation, and the enrollment workload. Additionally, the formula looks at the need for new facilities and new programs to arrive at a total amount for each institution.

The Legislature has decided to hold the community colleges harmless with regard to enrollment losses, especially if the declines are due to an improving economy or a decline in the number of high school graduates. This has introduced some inequity in funding between the colleges. In fact, one staff member told us that some rural community colleges spend a great deal more per student than most urban institutions—as much as $800 per student.

The community colleges are well on their way, according to a number of state officials, in moving toward performance-based budgeting. Beginning in 1996–97, performance-based budgeting will be based on measures of effectiveness in the AA degree, the AS degree and student transfer. One state official cautioned, however, that there is no understanding about what performance is in Florida and how it should be measured or rewarded.

A recent legislative practice has encouraged the colleges in this direction. The Legislature challenged the community colleges and area technical centers to place five percent of their budgets in an incentive program that the Legislature would support with an additional $12 million. Colleges could only participate if they took five percent off their budget. Eventually, 20 of the 28 community colleges signed up for this program. The five percent, plus more, could be earned back by demonstrating success on certain outcome standards. The outcomes were related to completion and graduation rates and placement. One legislator said that the process helped community colleges restructure the way they do business and become focused on outcomes. This has eased community colleges into the performance-based budgeting plan being pushed by the Legislature and Governor.

System Articulation and Information

Several state officials reported satisfaction with the quality of data that the State University System has provided concerning its institutions and students. Legislative staff, however, reported frustration with the need to rely on the University System to produce the data. Systemwide data about the community colleges is more difficult to collect. No statewide data base on community college students exists. In order to learn more about specific issues, like the number of excess credit hours students take, the Legislature and other agencies dealing with higher education must rely on special studies and the cooperation of the various sectors.

Articulation between the two- and four-year institutions in Florida is of growing concern to the Florida Legislature. As a result of the credit-hour study, the Legislature learned that many of the excess credits are taken by community college students. This has heightened legislative interest in better articulation between the educational sectors.

In addition to the data collection efforts of the University System, the community colleges and PEPC, the Legislature produces annual statistical reports and profiles on higher education.

Florida's two-plus-two policy promotes the recognition and utilization of the community colleges as the primary point of entry for postsecondary education. The statewide Articulation Agreement guarantees community college transfers with the associate of arts degree entry to the upper division of one of the state universities. The transition of students through the education system is supported by the Articulation Coordinating Committee, the statewide course numbering system, discipline-specific articulation agreements among institutions, a network of institutional articulation officers, and acceleration mechanisms, such as dual enrollment, early admission and credit by examination.[42]

PEPC has documented in a recent report that "a bottleneck currently exists for both university native students and community college transfer students as they enter [the] upper division of the university."[43] PEPC cites the growth in lower-level enrollment in both sectors and resource constraints as the primary culprits for the shortfall in the number of courses offered, the number of faculty utilized and the space available for more classes.

Florida has implemented a number of administrative solutions to solve articulation problems between two- and four-year campuses. The credit-hour study and PEPC documents show,

however, that serious problems still remain for the two-plus-two policy as a mechanism for students to achieve their educational goals.

Assessing Structure

In recommending changes for the future of higher education in Florida, the Business Higher Education Partnership strongly believes that the state should not make any structural changes in higher education. In fact, the report released by this body stated:

> The first conclusion of the Business/Higher Education Partnership is that Florida has an excellent structure for higher education. In our judgment, the form of governance and organization for Florida's 10 state universities, 28 community colleges, and 23 accredited private universities and colleges has provided Florida with a superb system.[4]

In spite of the partnership's strong sentiment on this matter, few people interviewed for this study expressed satisfaction with the structure of the higher education system. Major concerns cited include: (1) the limited capacity to address issues that the various sectors of higher education have in common (for example, vocational education and general education for students seeking baccalaureate degrees); (2) lack of a statewide data base for effective policy decision-making; (3) legislative interference in higher education operational issues; (4) lack of a statewide agenda for higher education; and (5) too much centralization in the SUS and too much decentralization in the community college system.

The State University System

It is difficult to distinguish the influence of the structure of the University System and the influence of its current chancellor, Charles Reed's powerful leadership of the system appears to be undisputed. When speaking about the advantages of the present system, campus administrators mentioned such things as: shared resources in times of crisis (for instance, Hurricane Andrew); the effective management of competition (reducing program duplication); institutional flexibility to pursue institutional missions; the advantage of having a national flagship institution within the system; and cost effectiveness in various services (legal staff, costs of individual governing boards, etc.).

Others, mostly from outside the higher education system, cite the bureaucracy of the University System and the costs of centralization as a weakness of the present structure. Some believe that the strength of the chancellor's office has reduced the role of presidential leadership to "cheer leading and fundraising." A number of state officials see the systemwide office as an

impediment to addressing statewide priorities and solving problems. Some of those interviewed called the system "reactive" to state priorities, instead of assisting the state in developing an agenda for higher education.

With equal vigor, many university officials discussed what they perceive as undue legislative interference and inappropriate levels of decision making. These people believe that the chief role of the chancellor and the Board of Regents in this regard is to protect the institutions from too much interference, or, as one respondent stated, "to deal head-on with the Legislature." Another state official noted, "Once you've decided to have a system, you need a strong one with strong leadership."

Some state officials agreed that the institutions need more authority. In fact, some want to eliminate the systemwide office altogether and give campus presidents more authority for setting the directions for their institutions, with some accountability to the Legislature. The "deregulation" proposal from Charles Reed in the midst of dire budget predictions stopped far short of eliminating the system office, but stressed the need for increased management flexibility. The recent proposal on deregulation by UF President John Lombardi also fell short of recommending the elimination of the central office, but argued for campus autonomy in setting tuition levels.

A number of people believe that the structural deficiencies of the University System go beyond the organization of higher education in Florida and have more to do with sunshine laws and revenue limitations the state has imposed upon itself.

The Community Colleges

Roughly the same number of people that expressed frustration over the centralization of the University System expressed frustration about the decentralized nature of the community colleges. Some people believe that the trustee appointment process, made by the Governor, allows for little accountability to local communities. Others talked about the lack of a systemwide data base that could provide better information on which to base policy decisions. Many said that they perceive the State Board for Community Colleges as a weak effort to coordinate the entire system.

Another concern mentioned frequently in reference to community colleges is the duplication of vocational programs with the technical centers under school district supervision. Virtually no statewide planning occurs that pulls together the various institutions responsible for vocational and occupational education in the state.

The recent study of credit hours in the state called attention, once more, to the problems of articulation between educational sectors in Florida. Many students transfer to four-year institutions prior to completing the associate's degree. Some students transfer with 60 credits, but do not complete the general education course credits. Many transfer students may get credit

for their course work, but that credit does not meet the specific requirements of individual institutions.

Problems not only exist in the transfer of credit from two- to four-year institutions, but also within the program requirements of different community colleges. One state official told us about several nursing programs in the community colleges with major differences in their course requirements to earn an associate's degree. Some members of the Legislature and their staff are currently trying to convene community college faculty to work through some of the confusion about various degree requirements.

The Statewide Perspective on Higher Education

There is one point of general consensus about the structure of higher education in Florida: no one group or organization is charged with the responsibility and authority to set a statewide policy agenda and get the cooperation from all other entities to implement it. Because the Board of Education is made up of an elected cabinet whose members focus primarily on their own agencies or on K–12 education, virtually no attention is given to higher education policy issues. PEPC was created to serve as an advisory body to the Board of Education, but the appointments to the commission are generally viewed as weak and the opportunity to influence higher education policy as very limited. The Legislature by default is the chief policy-making body for higher education. Many people in Florida have concerns about this approach because the Legislature tends to focus on immediate issues, not long-term problems and solutions. To many, this approach also places too much power in the hands of legislative staff, who are perceived by university officials to be unprepared for the task.

Furthermore, many of those interviewed stated that this is exactly the way the Legislature prefers to operate its higher education system. They have not pursued attempts to strengthen the authority of PEPC or of the Board of Regents. Proposals occasionally surface to "decentralize" the State University System and eliminate or reduce the powers of the Board of Regents and the systemwide office, but few believe there will be action on fundamental structural change.

Appendix

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Notes

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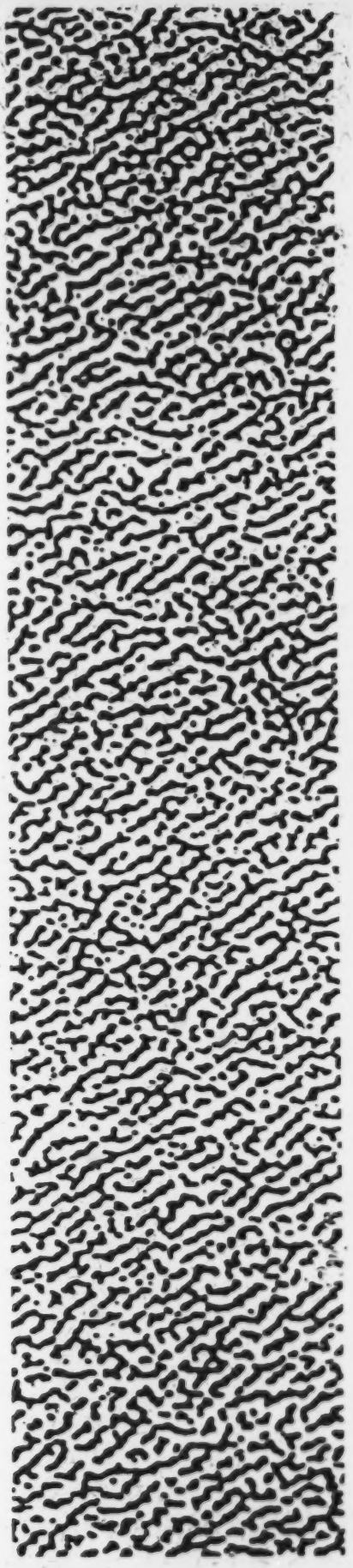

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